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S E C R E T SECTION 01 OF 04 TAIPEI 003903

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E.O. 12958: DECL: 11/20/2031

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SUBJECT: DIRECTOR DISCUSSES TAIWAN POLITICS IN MEETINGS  
WITH PREMIER SU AND DPP CHAIRMAN YU

Classified By: AIT Director Stephen M. Young,  
Reasons: 1.4 (b/d)

¶1. (S) Summary: Premier Su Tseng-chang and DPP Chairman Yu Shyi-kun both expressed strong reservations about the possibility of Vice President Annette Lu replacing President Chen during separate meetings with the Director on November 16. Both agreed Lu enjoys little support within the party, and Su characterized Lu as an "unpredictable" leader who could cause great damage on cross-strait relations or other issues. Su and Yu were optimistic that the DPP has a good chance to win the December 9 mayoral election in Kaohsiung. Although both were concerned that a loss in Kaohsiung would be divisive and damaging for the party, Su did not expect President Chen would step down in such a situation. Yu said categorically that he would resign as party chairman if the party fails to win in Kaohsiung, no matter how close the results. Noting the President's weak political position, Su doubted that he could generate much movement on constitutional issues. Yu questioned whether constitutional revision will become a major campaign issue, because the public will reject "empty talk" about something that cannot be accomplished. End Summary

Meeting with Premier Su: Annette Lu as President  
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¶2. (S) Premier Su Tseng-chang spoke candidly to the Director and DDIR about a number of important issues and personalities in Taiwan politics during a three-person lunch at the residence November 16. The usually cautious Su gave a surprisingly blunt assessment of Vice President Lu when queried about the possibility of her taking over the Presidency. Su said that the Vice President is completely "unpredictable" in her thinking and behavior and suggested that Lu could cause great damage if she were to become President, including in the area of cross-strait relations. Lu does not have a party base, Su noted, and is surrounded by a group of personal supporters who are just as unpredictable as she. He cited the chaos within the party when Lu took over as acting DPP Chair for a one-month period at the end of last year. He claimed that a Lu presidency is something that most DPP members fear. When asked what would happen to him if Lu were to move up, Premier Su laughed and said that he

would resign before Lu has a chance to dismiss him.

#### President Chen's Crisis and Upcoming Mayoral Elections

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13. (S) Su said that he had wanted to resign shortly after the Prosecutor's report came out on November 3. Learning of this, President Chen had called Su over to the Presidential Office to try to talk him out of it. According to Su, Chen said that the government would collapse if Su were to announce his resignation at that critical juncture. Su felt that he had a responsibility to keep the government functioning and the economy stable, and Chen eventually talked him into staying. Su said that he supported the recommendation that the President should step down if the First Lady is convicted of corruption in the initial trial, arguing that this would help to pacify DPP supporters and the general public. The President made a credible case as a practiced defense lawyer in his presentation on November 5 and managed to mollify DPP supporters for the moment. Su predicted that, despite the decision of two key DPP LY members to leave the LY, there would be no further defections in the run-up to the December 9 elections, as the DPP wanted to avoid damaging its election prospects. Nonetheless, Su observed that Chen Shui-bian had basically lost the trust of the public and no longer had the moral standing needed to mobilize the party.

14. (S) Turning to the December 9 mayoral elections in Taipei and Kaohsiung, Su indicated that losing both contests would be devastating for President Chen as well as damaging to the party. The pressure on Chen to resign would be great although, Su said, he still does not believe the President

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would step down voluntarily. Su believed that the DPP still has a good chance of winning the Kaohsiung race because KMT candidate Huang Chun-ying is relatively weak. Su added that he had been in Kaohsiung the day before campaigning for DPP candidate Chen Chu. There was no discussion of the Taipei race, except for Su's comment that People First Party (PFP) Chairman James Soong, running as an independent, is basically out of the picture with a four percent support level in the most recent poll.

#### Taipei Mayor Ma Ying-jeou's Difficulties

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15. (S) Su noted that Mayor Ma Ying-jeou's recent problems with his use of the city's special fund have taken some pressure off President Chen. This could also affect Ma's prospects for 2008, as there is increasing talk about alternative candidates such as LY Speaker Wang Jin-pyng and even Honorary KMT Chairman Lien Chan.

#### Cross-Strait Relations

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16. (S) Responding to the Director's point about the need for President Chen to maintain his commitments to the United States regarding cross-strait relations, Su suggested that Chen is currently too weak to be able to generate much movement on constitutional issues. The Director nonetheless stressed the need to be very cautious on this sensitive issue at this time. Premier Su then expressed his own support for lifting the 40 percent restriction on investments in the mainland by listed Taiwan companies. He said, however, that this can only be done when the Taiwan government is more stable and more in control.

#### Meeting with DPP Chairman Yu: Vice President Lu

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17. (S) Following the lunch meeting with Premier Su, the Director met separately with DPP Chairman Yu Shyi-kun. Yu was also blunt in his assessment of Vice President Annette

Lu, stressing that very few DPP party workers support her. He expected she would make major changes if she became President, including appointing new senior officials who would be answerable to her. Lu most trusts two advisors -- Yang Hsien-hung and Hu Chung-hsin -- both of whom are talking heads on the evening television political talk-shows. According to Yu, Yang and Hu are close to the KMT and hate President Chen for complicated personal reasons. If Lu becomes president, she would have to nominate a new Vice President within three months, and the nomination would have to win a majority confirmation vote from the opposition-controlled LY. Yu confided he had heard that James Soong hopes to become Vice President under Lu. Also that Soong would support the KMT forming the new cabinet with possibly LY Speaker Wang Jin-pyng or even Chairman Ma Ying-jeou becoming premier. If this situation materialized, the DPP would effectively become the opposition party. Lu would not be able to get many people from the DPP to join such an arrangement.

#### Kaohsiung Election

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18. (C) Yu said he was confident the DPP has an opportunity to win the December 9 election in Kaohsiung, although the DPP's internal poll on November 15 showed Chen Chu trailing by 5 percent. In recent Kaohsiung mayoral elections, the DPP has done better than polling figures predicted, so Yu said he would be optimistic about Chen Chu's chances even if she were behind by 3-4 percent in the polls. Chen Chu appeals to moderate voters, Yu observed, but the party has not yet been able to stir up the enthusiasm of the Deep Green base, which it hopes to do by sending in DPP leaders from Taipei to help with vigorous campaigning. Potentially, these leaders could even include President Chen if he wishes to go and Chen Chu's campaign headquarters thinks it would be helpful, Yu implied.

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The DPP's situation will be stabilized if it wins Kaohsiung, Yu added.

#### Taipei Election

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19. (C) In Taipei, Yu pointed out that Frank Hsieh is far behind KMT candidate Hau Long-bin, with the gap currently 24 percent. The DPP strategy is to work to increase support for Soong, so that Hsieh might have a chance to win a three-person race, as Chen Shui-bian did in 1994. Yu said he planned to attack Soong in the next few days on the KMT party assets and arms procurement issues. His goal, Yu said, was not to damage Soong, but to stimulate pan-Blue voters to support Soong. If Soong can win 12 percent of the vote, Hsieh would have a chance as he would then only need 44 percent to defeat Hau. Eight years ago, Chen Shui-bian won 45 percent of the votes in Taipei City when he was defeated by Ma Ying-jeou in his bid for reelection. Hsieh is a campaign "warrior," Yu observed, and he is holding some information for late negative attacks on Hau and Ma.

110. (C) The DPP has suffered only limited fall-out from the prosecutor's indictment of First Lady Wu Shu-chen, because DPP base supporters accepted the President's explanation, Yu said. Yu did not believe President Chen, Mayor Ma Ying-jeou, or First Lady Wu Shu-chen were corrupt. Their current problems, he suggested, were largely related to inadequate and unclear systems and practices left over from the authoritarian period. If Chen and others were corrupt, they would have taken advantage of opportunities to amass fortunes in earlier years when there was no oversight. The fact that they had not done so was a strong indication that they were not corrupt.

111. (C) Yu predicted the 2008 presidential campaign will begin December 9, as soon as the mayoral elections are over. If the DPP loses Kaohsiung, there will be problems for the

DPP, including media and strong internal criticism of President Chen. Yu said categorically that he would resign immediately if the DPP loses Kaohsiung, no matter how close the results. On the way to the elevator after the meeting, he joked to the Director that he might not be at DPP headquarters when the Director next visits.

#### Constitutional Revision

¶12. (C) The Director underscored to Yu the importance of not allowing the issue of constitutional revision to generate cross-Strait tensions. Yu acknowledged the Director's points and said that constitutional change is needed to make the government more effective. However, if there is not a broad consensus on the topic, constitutional revision will not necessarily become an election issue. The public would view discussing something that is impossible as "empty talk," Yu suggested. While the government deals with the constitutional issue on the policy level, the DPP as a political party needs to pursue its ideals, in part to combat those who identify with China and seek ultimate unification (i.e., Ma Ying-jeou). Ma's proposed interim peace agreement would be a surrender of sovereignty to the PRC, Yu argued. Taiwan needs more educational work to promote Taiwan identity, because "psychological defense" is even more important than military defense, Yu maintained.

#### Comment

¶13. (S) Meeting with us alone and outside his office, Premier Su was especially candid. He seems weary from the strain of all this domestic political fighting, but determined to keep the government functioning in hopes that the situation will improve after the December 9 mayoral elections. We detected none of the rancor widely rumored in the media by the premier toward the president, but were struck by his bluntness in warning about the problems an

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Annette Lu presidency would bring both his party and Taiwan. Though Chairman Yu seemed optimistic that the DPP can stabilize itself through a victory in Kaohsiung, he was also concerned about potentially damaging division within the party if it cannot pull out a victory. Yu's negative assessment of Lu, similar to that of Su, appears to represent the mainstream view within the party.

YOUNG